

HLA Venture Global Fund (HLAVGLF)

May 2021

Fund Features

1. Investment Objective

The objective of the fund is provide investors with steady growth and consistency in income return over a medium to long term investment horizons by investing into global equities.

2. Investment Strategy & Approach

This fund will initially invest in, but not limited to Hong Leong Asia-Pacific Dividend Fund and Hong Leong Strategic Fund that uses equity, fixed income and money market instruments as their underlying assets. This fund will seek to diversify its investment geographically and by asset classes i.e. global equity of companies involved in the extraction, processing, transportation and distribution of natural resources, high dividend yield equities in Asia Pacific region (excluding Japan), global equities and/or local equities.

3. Asset Allocation

The fund will invest up to 95% of its NAV into selected unit trust funds.

4. Target Market

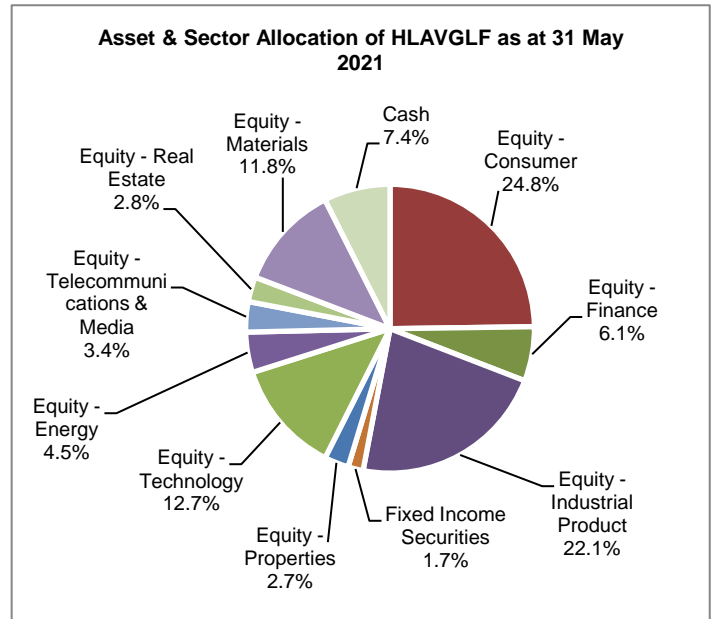
This fund is suitable for investors with moderate to high-risk appetite with a medium to long-term investment horizon.

Fund Details

| | |
|-----------------------------|--|
| Unit Price (31/5/2021) | :RM1.8800 |
| Fund Size (31/5/2021) | :RM41.6 mil |
| Fund Management Fee | :1.29% p.a. |
| Fund Manager | :Hong Leong Assurance Berhad |
| Fund Category | :Equity |
| Fund Inception | : 02 April 2007 |
| Benchmark | :MSCI AC Asia Pacific ex Japan + MSCI ACWI Index + RAM Quantshop MGS ALL |
| Frequency of Unit Valuation | :Daily |

Fund management charge of underlying Collective Investment Scheme(s) is part of Fund Management Fee as stated in table above. There are no additional charges being charged to the Policy Owner. The Company reserves the right to change the Fund Management Fee (% p.a.) by giving the Policy Owner ninety (90) days prior written notice.

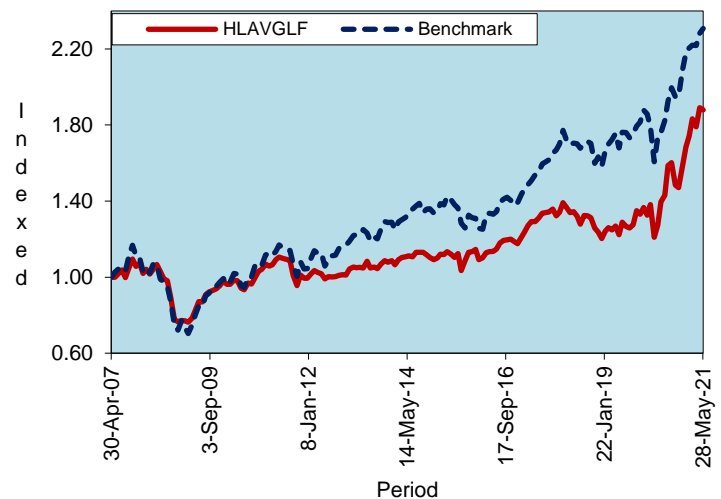
| Asset Allocation for HLAVGLF as at 31 May 2021 | % |
|--|--------------|
| Hong Leong Asia-Pacific Dividend Fund | 71.27 |
| Hong Leong Strategic Fund | 28.52 |
| Cash | 0.21 |
| Total | 100.0 |



Top 5 Holdings for HLAVGLF as at 31 May 2021

| | % |
|--|-------------|
| 1. Eclat Textile Company Limited | 5.6 |
| 2. Makalot Industrial Company Limited | 5.0 |
| 3. Shimao Services Holdings Limited | 4.9 |
| 4. Chow Tai Fook Jewellery Group Limited | 4.2 |
| 5. D&O Green Technologies Berhad | 4.1 |
| Total Top 5 | 23.8 |

Historical Performance



| | YTD | 1 month | 1 year | 3 years | 5 years | 10 years | Since Inception |
|------------|--------|---------|--------|---------|---------|----------|-----------------|
| HLAVGLF | 11.59% | -0.59% | 34.62% | 42.37% | 65.43% | 71.02% | 88.00% |
| Benchmark* | 5.79% | 1.10% | 31.04% | 35.64% | 73.33% | 100.00% | 130.78% |
| Relative | 5.79% | -1.70% | 3.58% | 6.73% | -7.89% | -28.98% | -42.78% |

*Source: Bloomberg, RAM Quantshop

Notice: Past performance of the fund is not an indication of its future performance.

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Market Review, Outlook & Strategy relevant to Target Fund Equity Review

Global – Strong economic data and the ongoing vaccine rollout allowing more parts of the economy to reopen, particularly in developed countries, continued to propel the global equity markets higher. The United States (US) Federal Reserve (Fed) maintained its dovish stance on monetary policy and remains unperturbed by the temporary rise in inflation. The Dow Jones Industrial Average Index rose 1.9% and the broader S&P 500 Index rose 0.6%. The Euro Stoxx Index rose 1.6% and the FTSE 100 Index rose 0.8%.

Asia Pacific – Regional equities were largely in positive territory, much like the rest of global equities as economic data shows a strong bounce in global economic activity. The Hong Kong and China markets also attracted buying interest during the month as valuations started to look attractive following a mild correction in the past few months. The India market rebounded during the month as the number of cases started to decline. In the region, China and India markets were the leaders while Singapore and Taiwan were the laggards.

Malaysia – Local market sentiment was affected by the rising number of COVID-19 cases and the imposition of Movement Control Order (MCO) 3.0. The FTSE BM KLCI declined 1.1% to close at 1,584 points. The broader market underperformed as the FTSE BM EMAS Index declined 2.6% to close at 11,495 points. Small caps underperformed as the FTSE BM Small Cap Index declined 7.0% to close at 15,992 points.

Outlook & Strategy

Global - Countries that have successfully rolled out the vaccine in a meaningful way have displayed a largely positive vaccine efficacy, low number of cases and low number of hospitalisations. This is particularly apparent in most developed countries such as the US and Europe. Economic prospects for Europe have also improved considerably as vaccination rates have started to pick up rapidly.

Asia Pacific - Asia Pacific economies are expected to benefit from the spillover effects of the sharp rebound in economic recovery in the developed markets. However, the COVID-19 resurgence and slow vaccine rollout in many parts of Asia are expected to be a drag to the recovery.

Malaysia – We are cautiously optimistic about the local equities outlook due to the high number of COVID-19 cases, high hospitalization rate and the uncertain outcome of MCO 3.0. We prefer to be invested in selected export stocks

Fixed Income Review and Outlook

US manufacturing activity picked up in May as pent-up demand spurred by reopening of the economy boosted orders with the US ISM Manufacturing Purchasing Managers' Index (PMI) posted an increase to 61.2 from 60.7 in April. However, unfinished work piled up as shortages of raw materials and labor continue to grip supply chain with some car manufacturers experienced downtime due to chip shortages. The US Treasury yields have stabilized to levels between 1.55-1.65% relative to sharp rise in the first quarter of 2021 as the Dow Jones Industrial Average Index ended at another high note at sub 35,000 mark. The continued divergence in recovery between US economy and the rest of the world continued to put the US at faster trajectory growth as non-farm payrolls improved and jobless claims slide to below 500,000 (May: 406,000 versus April: 444,000) with unemployment rate extending its decline.

Locally, the sovereign bond curve bear-steepened on concerns about potentially more fiscal stimulus as Malaysia announced a 14-day total lockdown beginning June with all non-essential services and economic sectors prohibited to operate with restricted social mobility. The decision to impose a total lockdown comes as Malaysia's confirmed daily infections have continuously surged to new record highs towards the end of May. The 5-year Government Investment Issue (GII) 3/26 reopening auction drew decent participation charting bid-to-cover (BTC) ratio of 2.0 times on RM4.5 billion auction size. The auction demand measured by BTC ratio still looks healthy as compared to 1.98-time year-to-date average for all 3-year and 5-year government bond auctions. Price action post auction however, suggests investors remain cautious as the government announces another RM40 billion of fiscal package rollout with direct cash injection of RM5 billion under PERMERKASA+ program. This brings the total cumulative to RM77.6 billion since Financial Year 2020 (out of seven fiscal stimulus packages totaling RM380 billion).

In the corporate space, notable issuance of the month was by Bank Pembangunan Malaysia Berhad which had issued RM1.25 billion under its AAA Islamic Medium Term Notes (MTN) program. Bank Muamalat Malaysia Berhad had also issued a Tier-2 Subordinated Sukuk Murabahah with its size of RM500 million while Danainfra had auctioned RM1.5 billion under its RM71.0 billion Islamic MTN facility program with tenure ranging from 7-30 years.

Actual Annual Investment Returns for the Past Ten (10) Calendar Years

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|-------|-------|------|------|-------|------|-------|--------|-------|-------|
| Benchmark | -6.5% | 14.0% | 8.3% | 3.9% | -2.2% | 6.2% | 22.3% | -7.0% | 18.7% | 16.2% |
| HLAVGLF- Gross | -5.8% | 6.8% | 6.0% | 1.9% | 6.7% | 4.2% | 16.7% | -9.8% | 16.2% | 26.7% |
| HLAVGLF - Net | -7.1% | 5.0% | 4.2% | 0.5% | 4.9% | 2.6% | 14.1% | -10.3% | 13.7% | 23.3% |

Net returns are adjusted for tax and fund management fees.

Those are the actual returns in the past ten (10) years, or since inception if shorter, and are strictly the performance of the investment-linked fund. Thus, the returns are not earned on the actual premium paid of the investment-linked product.

Notice: Past performance of the fund is not an indication of its future performance.

Investment Risks

All investments carry risks. Policy Owners must be prepared to accept certain degree of risk associated with this Investment. The following are the non-exhaustive list of risks associated to this fund.

1. **Market Risk**

Market risk stems from the fact that there are other economy-wide perils, which threaten all businesses. It is mainly caused by uncertainties in the economy, political and social environment.

2. **Liquidity Risk**

Liquidity risk is the risk that the fund invested cannot be readily sold and converted into cash. This may arise when the trading volume is low and/or where there is a lack of demand for the security.

3. **Credit risk**

This refers to the possibility that the issuer of a security will not be able to make timely payments of interest or principal repayment on the maturity date. The default may lead to a fall in the value of the funds.

4. **Interest Rate Risk**

The level of interest rates has an impact on the value of investments. Any increase in rates will lead to a fall in the value of securities, thus affecting the value of the funds.

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5. Country Risk

The foreign investment of a fund may be affected by the political & economic conditions of the country which the investments are made.

6. Currency Risk

This risk is associated with investments that are denominated in foreign currencies. Fluctuation in foreign exchange rates will have an impact on the value of the funds.

7. Concentration Risk

This risk is associated with a feeder fund whereby the investments of such fund are not diversified. A feeder fund invests mainly into another collective investment scheme.

Risk Management

The company has in place its Authorized Investment Framework which forms part of the Risk Management process. The authority framework covers the nature and scope of the investment authority that is exercisable by various parties in managing the Company's investments. The potential investment risks that are taken into consideration in managing the fund include economic conditions, liquidity, qualitative and quantitative aspects of the securities. The investment manager(s) have put in place the following controls to reduce the risks through:

- having a flexible tactical asset allocation
- investing in a wide range of companies across different sectors
- setting prudent investment limits on various exposures
- taking into account the liquidity factor in selecting securities
- engaging in the hedging of foreign currency exposure where appropriate

Basis of Unit Valuation

- The assets of every fund are to be valued to determine the value at which units of a particular fund can be liquidated or purchased for investment purposes.
- The unit price of a unit of a fund shall be determined by us but in any event shall not be less than the value of fund of the relevant fund (as defined below), divided by the number of units of the given fund in issue on the business day before the valuation date, and the result adjusted to the nearest one hundredth of a cent.
- The maximum value of any asset of any fund shall not exceed the following price:
 - The last transacted market price at which those assets could be purchased or sold on the business day before the valuation date; or
 - In the case of securities for which market values are not readily available, the price at which, in our Investment Manager's opinion, the asset may have been purchased on the business day before the valuation date; plus any expenses which would have been incurred in its acquisition.
- To ensure fair treatment to all unit holders, the cost of acquiring and disposing of assets is recouped by making a transaction cost adjustment to the net asset value per unit.

Exceptional Circumstances

The Company reserves the right to defer the payment of benefits (other than death benefit) under this Policy for a period not exceeding six (6) months from the date the payment would have been normally effected if not for intervening events such as temporary closure of any Stock Exchange in which the fund is invested which the Company, in its discretion, may consider exceptional.

Target Fund Details

- Hong Leong Asia-Pacific Dividend Fund is an Equity fund managed by HLAM. The past performance of this fund is as follows:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------|--------|-------|-------|-------|------|------|-------|--------|-------|-------|
| Performance | -15.0% | 15.2% | -4.8% | -1.0% | 6.5% | 1.8% | 19.2% | -13.3% | 24.9% | 50.7% |

- Hong Leong Strategic Fund is a Mixed Assets fund managed by HLAM. The past performance of this fund is as follows:

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------|-------|------|-------|-------|------|------|-------|--------|------|--------|
| Performance | -0.7% | 4.9% | 14.5% | -0.7% | 4.3% | 4.8% | 10.9% | -10.3% | 2.2% | -13.4% |

Source: Hong Leong Asset Management Berhad (HLAM)

Note: Hong Leong Global Resources Income Fund has been liquidated on 17 April 2014.

Basis of Calculation of Past Performance

The historical performance of the fund is calculated based on the price difference over the period in consideration compared to the older price of the period in consideration.

$$\frac{\text{Unit Price}_t - \text{Unit Price}_{t-1}}{\text{Unit Price}_{t-1}}$$

For the underlying target funds, past performance is calculated after adjusting for distribution and/or additional units, if any.

Others

HLA Venture Global Fund is managed by Hong Leong Assurance Berhad (HLA). Any amount invested in this fund is invested by HLA on behalf of Policy Owner in equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instrument/s. If the financial institutions and/or corporations issuing the equity, fixed income, collective investment scheme, foreign asset, derivatives and money market instruments defaults or insolvent, the Policy Owner risks losing part or all of his/her amount that were invested into the instruments on his/her behalf by HLA.

THIS IS AN INSURANCE PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE UNDERLYING ASSETS, AND IS NOT A PURE INVESTMENT PRODUCT SUCH AS UNIT TRUSTS.

Disclaimer:

Policy Owner must evaluate your options carefully and satisfy yourself that the investment-linked fund chosen meets your risk appetite. Past performance of the fund is not an indication of its future performance. The intention of this document is to enable Policy Owner to better understand the fund features and details in order to assist Policy Owner to making an informed decision. This document shall not be construed as professional advice on investment choices.